

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7141

BILL NUMBER: SB 304

NOTE PREPARED: Jan 3, 2011

BILL AMENDED:

SUBJECT: Electric Vehicle Sales Tax Exemption.

FIRST AUTHOR: Sen. Buck

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a Sales and Use tax exemption for the purchase or lease of a new qualified plug-in electric vehicle if the retail transaction occurs from July 1, 2011, through December 31, 2016. It limits the exemption to \$1,000 of Sales Tax liability. This bill also provides that the exemption may be claimed for only one vehicle per individual during the period and not more than ten vehicles per business entity. It provides that if a retail merchant determines that a taxpayer is qualified, the retail merchant shall apply the exemption at the time of the retail transaction.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Department of State Revenue (DOR):* This bill could result in an indeterminable increase in administrative costs for the DOR by requiring the DOR to revise Sales Tax forms as well as update computer software to provide the Sales Tax exemption. It is estimated that the DOR could implement these provisions with its existing level of resources

Explanation of State Revenues: *Summary:* This bill is estimated to decrease Sales Tax revenue by an indeterminable amount. The bill provides a Sales Tax exemption for the purchase or lease of a new qualified plug-in electric vehicle if the retail transaction occurs from July 1, 2011, through December 31, 2016. The bill provides that the exemption may be claimed for only one vehicle per individual and not more than ten vehicles per business entity. For every 100 electric vehicles are sold or leased annually, this bill would decrease Sales Tax revenue by \$100,000.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%)

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues will be impacted to the extent that a local unit receives funds from the Public Mass Transportation Fund, the Commuter Rail Service Fund, or the Industrial Rail Service Fund.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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